

Assembly Bill No. 851

CHAPTER 374

An act to amend Section 42238 of, to amend and repeal Sections 42238.21, 42238.22, and 42241.2 of, to amend, repeal, and add Sections 45023.1 and 45023.4 of, and to add Section 42238.485 to, the Education Code, relating to education finance.

[Approved by Governor October 11, 2009. Filed with
Secretary of State October 11, 2009.]

LEGISLATIVE COUNSEL'S DIGEST

AB 851, Brownley. Education finance.

(1) Existing law requires the county superintendent of schools to determine a revenue limit for each school district in the county pursuant to a specified formula based on the base revenue limit of the school district for the prior year, adjusted for inflation, and the average daily attendance for the entire school district.

This bill would require the base revenue limit for each school district for the 2011–12 fiscal year to include an adjustment computed as specified.

The bill would require the Superintendent of Public Instruction to calculate an add-on for each school district, as specified. The bill would require the Superintendent to calculate and apportion for each basic aid district, as defined, an amount equal to the amount computed pursuant to the provision referenced in (4) below.

(2) Existing law specifies that the revenue limit for the Newport-Mesa Unified School District will not include certain amounts that were not received by the district due to bankruptcy proceedings initiated by the County of Orange.

This bill would provide that these provisions would remain in effect only until July 1, 2010.

(3) Existing law creates the Santa Cruz High School attendance area, a program for middle school options to eliminate revenue limit inequities.

This bill would provide that these provisions would remain in effect only until July 1, 2010.

(4) Under existing law, in the computation of its revenue limit for the current fiscal year, a school district may add the amount computed in the preceding fiscal year for the Meals for Needy Pupils program.

This bill would provide that these provisions would remain in effect only until July 1, 2010.

(5) Existing law provides a revenue limit adjustment for a school district or county office of education that offers a minimum beginning teacher salary.

This bill would recast and revise these provisions to generally delete their application to school districts as of July 1, 2010.

(6) Existing law establishes the Jack O'Connell Beginning-Teacher Salary Incentive Program, under which a county superintendent of schools, or the county board of education, may increase the salary for certain teachers on its adopted certificated employee salary schedule, as specified. If a school district elects to meet specified requirements, it is eligible to receive an incentive amount.

This bill would recast and revise these provisions to generally delete their application to school districts as of July 1, 2010.

The people of the State of California do enact as follows:

SECTION 1. (a) It is the intent of the Legislature to accomplish all of the following:

(1) Address continuing concerns regarding the fragmentation of funding sources and the need for flexibility in order to allow local responses to the special needs of all pupils.

(2) Reduce the extensive amount of state and school district administrative work required for the apportionment of general purpose funds.

(3) Increase the transparency of the school funding system for the educational community, policymakers, and parents.

(4) Simplify the state's education funding system.

(b) It is the intent of the Legislature to accomplish the goals set forth in subdivision (a) by doing all of the following:

(1) Consolidating historical revenue limit adjustments that are free of state-imposed restrictions or conditions, or in which all school districts participate, into the calculation of the total revenue limit amount to be apportioned to each school district pursuant to Section 42238.

(2) Continuing to examine opportunities to consolidate school funding and provide expenditure flexibility to school districts.

SEC. 2. Section 42238 of the Education Code is amended to read:

42238. (a) For the 1984–85 fiscal year and each fiscal year thereafter, the county superintendent of schools shall determine a revenue limit for each school district in the county pursuant to this section.

(b) The base revenue limit for a fiscal year shall be determined by adding to the base revenue limit for the prior fiscal year the following amounts:

(1) The inflation adjustment specified in Section 42238.1.

(2) For the 1995–96 fiscal year, the equalization adjustment specified in Section 42238.4.

(3) For the 1996–97 fiscal year, the equalization adjustments specified in Sections 42238.41, 42238.42, and 42238.43.

(4) For the 1985–86 fiscal year, the amount received per unit of average daily attendance in the 1984–85 fiscal year pursuant to Section 42238.7.

(5) For the 1985–86, 1986–87, and 1987–88 fiscal years, the amount per unit of average daily attendance received in the prior fiscal year pursuant to Section 42238.8.

(6) For the 2004–05 fiscal year, the equalization adjustment specified in Section 42238.44.

(7) For the 2006–07 fiscal year, the equalization adjustment specified in Section 42238.48.

(8) For the 2011–12 fiscal year, the equalization adjustment specified in Section 42238.49.

(c) (1) (A) For the 2010–11 fiscal year, the Superintendent shall compute an add-on for each school district by adding the inflation adjustment specified in Section 42238.1 to the adjustment specified in Section 42238.485.

(B) For the 2011–12 fiscal year and each fiscal year thereafter, the Superintendent shall compute an add-on for each school district by adding the inflation adjustment specified in Section 42238.1 to the amount computed pursuant to this paragraph for the prior fiscal year.

(2) Commencing with the 2010–11 fiscal year, the Superintendent shall compute an add-on for each school district by dividing each school district's fiscal year average daily attendance computed pursuant to Section 42238.5 by the total adjustments in funding for each district made for the 2007–08 fiscal year pursuant to Section 42238.22 as it read on January 1, 2009.

(d) The sum of the base revenue limit computed pursuant to subdivision (b) and the add-on computed pursuant to subdivision (c) shall be multiplied by the district average daily attendance computed pursuant to Section 42238.5.

(e) For districts electing to compute units of average daily attendance pursuant to paragraph (2) of subdivision (a) of Section 42238.5, the amount computed pursuant to Article 4 (commencing with Section 42280) shall be added to the amount computed in subdivision (c) or (d), as appropriate.

(f) For the 1984–85 fiscal year only, the county superintendent shall reduce the total revenue limit computed in this section by the amount of the decreased employer contributions to the Public Employees' Retirement System resulting from enactment of Chapter 330 of the Statutes of 1982, offset by any increase in those contributions, as of the 1983–84 fiscal year, resulting from subsequent changes in employer contribution rates.

(g) The reduction required by subdivision (f) shall be calculated as follows:

(1) Determine the amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees' Retirement System employer contribution rate in effect immediately prior to the enactment of Chapter 330 of the Statutes of 1982 was in effect during the 1983–84 fiscal year.

(2) Subtract from the amount determined in paragraph (1) the greater of subparagraph (A) or (B):

(A) The amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees' Retirement System employer contribution rate in effect immediately after the enactment

of Chapter 330 of the Statutes of 1982 was in effect during the 1983–84 fiscal year.

(B) The actual amount of employer contributions made to the Public Employees' Retirement System in the 1983–84 fiscal year.

(3) For purposes of this subdivision, employer contributions to the Public Employees' Retirement System for either of the following shall be excluded from the calculation specified above:

(A) Positions supported totally by federal funds that were subject to supplanting restrictions.

(B) Positions supported, to the extent of employer contributions not exceeding twenty-five thousand dollars (\$25,000) by a single educational agency, from a revenue source determined on the basis of equity to be properly excludable from the provisions of this subdivision by the Superintendent with the approval of the Director of Finance.

(4) For accounting purposes, the reduction made by this subdivision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent.

(h) The Superintendent shall apportion to each school district the amount determined in this section less the sum of:

(1) The district's property tax revenue received pursuant to Chapter 3 (commencing with Section 75) and Chapter 6 (commencing with Section 95) of Part 0.5 of Division 1 of the Revenue and Taxation Code.

(2) The amount, if any, received pursuant to Part 18.5 (commencing with Section 38101) of Division 1 of the Revenue and Taxation Code.

(3) The amount, if any, received pursuant to Chapter 3 (commencing with Section 16140) of Division 4 of Title 2 of the Government Code.

(4) Prior years' taxes and taxes on the unsecured roll.

(5) Fifty percent of the amount received pursuant to Section 41603.

(6) The amount, if any, received pursuant to the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), except for any amount received pursuant to Section 33401 or 33676 of the Health and Safety Code that is used for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance, except for any amount received pursuant to Section 33492.15 of, paragraph (4) of subdivision (a) of Section 33607.5 of, or Section 33607.7 of, the Health and Safety Code that is allocated exclusively for educational facilities.

(7) For a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606, the amount of statewide average general-purpose funding per unit of average daily attendance received by school districts for each of four grade level ranges, as computed by the department pursuant to Section 47633, multiplied by the average daily attendance, in corresponding grade level ranges, of any pupils who attend charter schools funded pursuant to Chapter 6 (commencing with Section 47630) of Part 26.8 of Division 4 for which the district is the sponsoring local educational agency, as defined in Section 47632, and who

reside in and would otherwise have been eligible to attend a noncharter school of the district.

(i) A transfer of pupils of grades 7 and 8 between an elementary school district and a high school district shall not result in the receiving district receiving a revenue limit apportionment for those pupils that exceeds 105 percent of the statewide average revenue limit for the type and size of the receiving school district.

SEC. 3. Section 42238.21 of the Education Code is amended to read:

42238.21. (a) Notwithstanding any other provision of law, for the purposes of this article, the revenue limit for the Newport-Mesa Unified School District for the 1996–97 fiscal year, and future fiscal years, shall not include any amounts that should have been allocated to the Newport-Mesa Unified School District in the 1994–95 fiscal year but that were not received by the district until the 1996–97 fiscal year, and future fiscal years, due to the bankruptcy proceedings initiated on December 6, 1994, by the County of Orange by its filing of a voluntary Chapter 9 petition in United States Bankruptcy Court, Case No. SA 94-22273-JR. These amounts shall not be included in the revenue limit computations for the 1996–97 fiscal year, and future fiscal years, but these amounts shall be treated as being received by the Newport-Mesa Unified School District in the 1994–95 fiscal year, the 1995–96 fiscal year, or both.

(b) This section shall remain in effect only until July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 4. Section 42238.22 of the Education Code is amended to read:

42238.22. (a) There is hereby created in the Santa Cruz High School attendance area, a program for middle school options to eliminate revenue limit inequities in the per-pupil funding for instructional programs for pupils in grades 7 and 8. Participation is limited to the Santa Cruz High School District, the Live Oak Elementary School District, and the Soquel Union Elementary School District. The purpose of the program is to encourage and enable these elementary school districts in this attendance area to continue providing a middle school program, in addition to the junior high school program operated by the high school district, thereby increasing enrollment options for all pupils in grades 7 and 8.

(b) In order for these elementary school districts to receive an addition to the revenue limit pursuant to subdivision (g), these districts shall do all of the following:

(1) Continue to participate in a consortium with the Santa Cruz High School District.

(2) At a minimum, all pupils in grades 7 and 8 in the participating districts shall be provided with the option to enroll in either a middle school operated by the elementary school district or a junior high school operated by the high school district.

(3) Provide evidence to the Superintendent that the amount computed and allocated pursuant to subdivision (g) will be used only for pupils in grades 7 and 8.

(c) Participation by the districts in the consortium shall be voluntary.

(d) For purposes of this section, the following definitions shall apply:

(1) “Junior high school program” means a departmentalized program in which pupils in grades 7, 8, and 9 select classes based on subject and move from classroom to classroom during the schoolday.

(2) “Middle school program” means a program in which teachers teach a common core curriculum to the same group of pupils in grades 6, 7, and 8, and provide a transition from self-contained classroom education at the elementary level to subject-oriented, departmentalized classrooms at the high school level.

(e) A school district shall not deny a request for enrollment made pursuant to this section unless space is not available in the selected school or unless the choice would have a negative impact on an existing desegregation plan.

(f) The average daily attendance of pupils participating in the enrollment option pursuant to this section and attending the elementary school districts shall be credited to the elementary school district of residence for purposes of determining state apportionments and revenue limits. The average daily attendance of pupils attending the high school district shall be credited to the Santa Cruz High School District.

(g) For the 1990–91 fiscal year for the Live Oak Elementary School District and each fiscal year thereafter, and for the 1991–92 fiscal year for the Soquel Union Elementary School District and each fiscal year thereafter, the Superintendent shall compute and allocate an amount in addition to the revenue limit for each elementary school district participating in the consortium, equal to the following:

(1) Calculate the average of the base revenue limits per unit of average daily attendance of the districts participating in the consortium.

(2) From the average base revenue limit calculated in paragraph (1), subtract the base revenue limit of the elementary school district per unit of average daily attendance.

(3) If the result in paragraph (2) is a positive number, then multiply the result in paragraph (2) by the average daily attendance of the elementary school district in grades 7 and 8. That amount shall be added to the total revenue limit computed for that district. If the result in paragraph (2) is zero, or less than zero, then no adjustment shall be computed for the district.

(h) If the elementary school district ceases to participate in the consortium, the adjustment computed in this section shall no longer be provided to that district.

(i) This section shall remain in effect only until July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 5. Section 42238.485 is added to the Education Code, to read:

42238.485. (a) For the 2010–11 fiscal year, the Superintendent shall compute an adjustment for each school district by dividing each school district’s 2007–08 fiscal year average daily attendance into the sum of the following:

(1) Funding for Meals for Needy Pupils programs received by the school district for the 2007–08 fiscal year pursuant to Section 42241.2, as it read on January 1, 2009.

(2) Funding incentives to increase beginning teachers' salaries received by the school district for the 2007–08 fiscal year pursuant to Sections 45023.1 and 45023.4, as those sections read on January 1, 2009.

(b) For purposes of this section, average daily attendance shall be computed pursuant to Section 42238.5.

(c) Notwithstanding any other provision of this section, no funding specified in this section shall be added to the adjustment computed pursuant to subdivision (a) if that funding is currently included in a school district's base revenue limit calculated pursuant to Section 42238.

SEC. 6. Section 42241.2 of the Education Code is amended to read:

42241.2. (a) A school district may add, in the computation of the district's revenue limit pursuant to Section 42238 for the current fiscal year, the amount computed in the preceding fiscal year for Meals for Needy Pupils programs (Article 11 (commencing with Section 49550) of Chapter 9 of Part 27 of Division 4) multiplied by 1.06, except that, commencing with the 1990–91 fiscal year, that amount instead shall be multiplied by the sum of 1 plus the percentage change determined pursuant to subdivision (b) of Section 42238.1.

(b) This section shall remain in effect only until July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that is enacted before January 1, 2011, deletes or extends that date.

SEC. 7. Section 45023.1 of the Education Code is amended to read:

45023.1. (a) Commencing with the 2000–01 fiscal year, the governing board of a school district, the county superintendent of schools, or the county board of education may increase, for teachers meeting the requirements prescribed by this section, the salary on its adopted certificated employee salary schedule as provided in subdivision (b). For purposes of this section, a teacher for whom the governing board, county superintendent of schools, or county board of education may increase salaries shall meet all of the following criteria:

(1) Hold a valid California teaching credential, not including an emergency permit, intern certificate or credential, or waiver.

(2) Possess a baccalaureate or higher degree.

(3) Receive a salary paid through the general fund of the district or county office.

(b) The governing board, county superintendent of schools, or county board of education that increases its salaries pursuant to subdivision (a) shall perform the following computations:

(1) The governing board, county superintendent of schools, or county board of education shall designate as the lowest salary on the salary schedule for a certificated employee meeting the criteria in subdivision (a) an amount that is at least an annual salary of thirty-four thousand dollars (\$34,000) in the 2000–01 fiscal year.

(2) The governing board, county superintendent of schools, or county board of education shall increase to the annual salary amount in paragraph (1) the salary of any certificated employee meeting the criteria in subdivision (a) whose salary on the salary schedule for the 1999–2000 fiscal year was less than the amount computed in paragraph (1) and, notwithstanding Section 45028, shall incorporate that increase into the salary schedule commencing with the 2000–01 fiscal year.

(c) Each school district or county office of education that increases its beginning teacher annual minimum salary to thirty-four thousand dollars (\$34,000) pursuant to subdivision (b) shall elect, except as provided in subdivision (j), to receive reimbursement for the cost of the increase pursuant to only one of the following two options:

(1) Option One:

(A) In fiscal year 2000–01, a school district, county superintendent of schools, or county office of education that increases salaries pursuant to paragraph (2) of subdivision (b) and selects reimbursement Option One shall receive an amount equal to six dollars (\$6) times the district's or county office's second principal apportionment average daily attendance for the 1999–2000 fiscal year, excluding attendance in adult education programs and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(B) Divide the amount received from the state pursuant to subparagraph (A) for the 2000–01 fiscal year by the school district or county office of education second principal apportionment average daily attendance for the 1999–2000 fiscal year, excluding attendance in adult education programs and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(C) For the 2001–02 fiscal year and each fiscal year thereafter, for each school district that increases its salaries pursuant to subdivision (a), the Superintendent shall sum the results of clauses (i) and (ii) and add that figure to the total school district revenue limit computed pursuant to Section 42238:

(i) Annually increase the funding rate per unit of average daily attendance specified in subparagraph (B) by the percentage increase pursuant to subdivision (b) of Section 42238.1 and multiply the resulting product by the school district's second principal apportionment average daily attendance for the current fiscal year excluding attendance in regional occupational centers/programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(ii) Annually increase the funding rate per unit of average daily attendance specified in subparagraph (B) by the percentage increase pursuant to subdivision (b) of Section 42238.1 and multiply the resulting product by the school district's second principal apportionment average daily attendance for the current fiscal year in regional occupational centers/programs excluding attendance in charter schools participating in the charter school

block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(D) For the 2001–02 fiscal year and each fiscal year thereafter, for each county office of education that increases its salaries pursuant to subdivision (a), the Superintendent shall add the sum of clauses (i) and (ii) to the county office of education revenue limit computed pursuant to Section 2550:

(i) Annually increase the funding rate per unit of average daily attendance specified in subparagraph (B) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second principal apportionment average daily attendance for the current fiscal year excluding attendance in regional occupational centers/programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(ii) Annually increase the funding rate per unit of average daily attendance specified in subparagraph (B) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second principal apportionment average daily attendance for the current fiscal year in regional occupational centers/programs excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(E) The school district, county superintendent of schools, or county office of education shall utilize these incentive funds not only to meet the new beginning teacher annual minimum salary of thirty-four thousand dollars (\$34,000), but may also use the funds to generally enhance teachers' salaries in order to achieve the goals of retention of qualified, competent, and experienced teachers and the attainment of a reasonable salary commensurate with a teacher's experience, education, and responsibilities.

(2) Option Two: A school district, county superintendent of schools, or county office of education may submit a request to the Superintendent, on a form supplied by the Superintendent, for state funding computed as follows:

(A) Total the salaries of all certificated employees receiving increased salaries up to a maximum of thirty-four thousand dollars (\$34,000) per person pursuant to subdivision (b) for the 2000–01 fiscal year.

(B) Total all salaries, based on the salary schedule for the 2000–01 fiscal year before the increase made pursuant to subdivision (b), of all certificated employees receiving increased salaries pursuant to subdivision (b).

(C) Subtract the amount in subparagraph (B) from the amount in subparagraph (A).

(D) Multiply the amount in subparagraph (C) by the district's statutory benefit rates.

(E) For the 2000–01 fiscal year, a school district, county superintendent of schools, or county office of education that increases salaries pursuant to paragraph (2) of subdivision (b) and selects reimbursement Option Two shall receive the sum of subparagraphs (C) and (D).

(F) Divide the sum of the amounts received pursuant to subparagraphs (C) and (D) for the 2000–01 fiscal year by the school district and county office of education average daily attendance for the second principal apportionment for the 2000–01 fiscal year, excluding attendance in adult education programs and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(G) For the 2001–02 fiscal year and each fiscal year thereafter, for each school district that increases its salaries pursuant to subdivision (a), the Superintendent shall sum the results of clauses (i) and (ii) and add that figure to the total school district revenue limit computed pursuant to Section 42238:

(i) Annually increase the funding rate per unit of average daily attendance calculated pursuant to subparagraph (F) by the percentage increase pursuant to subdivision (b) of Section 42238.1 and multiply the resulting product by the school district's second principal apportionment average daily attendance for the current fiscal year excluding attendance in regional occupational centers/programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(ii) Annually increase the funding rate per unit of average daily attendance calculated pursuant to subparagraph (F) by the percentage increase pursuant to subdivision (b) of Section 42238.1 and multiply the resulting product by the school district's second principal apportionment average daily attendance for the current fiscal year in regional occupational centers/programs excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(H) For the 2001–02 fiscal year and each fiscal year thereafter, for each county office of education that increases its salaries subdivision (a), the Superintendent shall add the sum of clauses (i) and (ii) to the county office of education revenue limit computed pursuant to Section 2550:

(i) Annually increase the funding rate per unit of average daily attendance calculated pursuant to subparagraph (F) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second principal apportionment average daily attendance for the current fiscal year excluding attendance in regional occupational centers/programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(ii) Annually increase the funding rate per unit of average daily attendance calculated pursuant to subparagraph (F) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second principal apportionment average daily attendance for the current fiscal year in regional occupational centers/programs excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(3) For purposes of the calculation required by clause (ii) of subparagraph (C) of paragraph (1), clause (ii) of subparagraph (D) of paragraph (1), clause (ii) of subparagraph (G) of paragraph (2), and clause (ii) of subparagraph (H) of paragraph (2), in the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years, a school district’s and county office of education’s second principal apportionment average daily attendance for the current fiscal year shall be the second principal apportionment average daily attendance for the 2007–08 fiscal year.

(d) State funds received pursuant to this section and not used pursuant to the conditions of this section shall be returned to the state.

(e) If the funds requested by the school districts, the county superintendents of schools, and the county offices of education for the 2000–01 fiscal year exceed the state appropriation for this section, the Superintendent shall reduce all requests by the application of a single, common percentage factor for apportionment purposes, so as not to exceed the amount appropriated for this purpose.

(f) A school district or county office of education shall receive reimbursement pursuant to subdivision (c) only. However, this section does not prohibit a school district and its employees from negotiating salary schedules.

(g) The adjustments to school district and county office of education revenue limits prescribed in subparagraphs (C) and (D) of paragraph (1) of subdivision (c) and subparagraphs (G) and (H) of paragraph (2) of subdivision (c), respectively, shall continue so long as the increase in the salary schedule made pursuant to paragraph (2) of subdivision (b) or subdivision (i) is maintained.

(h) The Superintendent shall issue appropriate forms to school districts and county offices of education no later than September 1, 2000. School districts, county superintendents of schools, or county offices of education shall notify the Superintendent no later than September 30, 2001, regarding which option they wish to exercise for the 2000–01 fiscal year. School districts, county superintendents of schools, or county offices of education shall file their claim form for state funds with the Superintendent no later than September 30, 2001.

(i) Adjustments made to school district or county office of education revenue limits pursuant to subparagraphs (C) and (D) of paragraph (1) of subdivision (c) and subparagraphs (G) and (H) of paragraph (2) of subdivision (c), respectively, shall not be considered part of the base revenue limit for the purpose of computing equalization adjustments or determining other wealth-related differences in school funding.

(j) Notwithstanding subdivision (c), a school district or county office of education that already has as the annual minimum salary for beginning teachers who meet the criteria in subdivision (a) an amount equal to or greater than thirty-four thousand dollars (\$34,000) shall be eligible to receive reimbursement pursuant to Option One.

(k) This section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that becomes

operative on or before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 8. Section 45023.1 is added to the Education Code, to read:

45023.1. (a) Commencing with the 2000–01 fiscal year, the county superintendent of schools or the county board of education may increase, for teachers meeting the requirements prescribed by this section, the salary on its adopted certificated employee salary schedule as provided in subdivision (b). For purposes of this section, a teacher for whom the county superintendent of schools or county board of education may increase salaries shall meet all of the following criteria:

(1) Hold a valid California teaching credential, not including an emergency permit, intern certificate or credential, or waiver.

(2) Possess a baccalaureate or higher degree.

(3) Receive a salary paid through the general fund of the county office.

(b) The county superintendent of schools or county board of education that increases its salaries pursuant to subdivision (a) shall perform the following computations:

(1) The county superintendent of schools or county board of education shall designate as the lowest salary on the salary schedule for a certificated employee meeting the criteria in subdivision (a) an amount that is at least an annual salary of thirty-four thousand dollars (\$34,000) in the 2000–01 fiscal year.

(2) The county superintendent of schools or county board of education shall increase to the annual salary amount in paragraph (1) the salary of any certificated employee meeting the criteria in subdivision (a) whose salary on the salary schedule for the 1999–2000 fiscal year was less than the amount computed in paragraph (1) and, notwithstanding Section 45028, shall incorporate that increase into the salary schedule commencing with the 2000–01 fiscal year.

(c) Each county office of education that increases its beginning teacher annual minimum salary to thirty-four thousand dollars (\$34,000) pursuant to subdivision (b) shall elect, except as provided in subdivision (j), to receive reimbursement for the cost of the increase pursuant to only one of the following two options:

(1) Option One:

(A) In fiscal year 2000–01, a county superintendent of schools or county office of education that increases salaries pursuant to paragraph (2) of subdivision (b) and selects reimbursement Option One shall receive an amount equal to six dollars (\$6) times the county office's second principal apportionment average daily attendance for the 1999–2000 fiscal year, excluding attendance in adult education programs and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(B) Divide the amount received from the state pursuant to subparagraph (A) for the 2000–01 fiscal year by the county office of education's second principal apportionment average daily attendance for the 1999–2000 fiscal year, excluding attendance in adult education programs and charter schools

participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(C) For the 2001–02 fiscal year and each fiscal year thereafter, for each county office of education that increases its salaries pursuant to subdivision (a), the Superintendent shall add the sum of clauses (i) and (ii) to the county office of education revenue limit computed pursuant to Section 2550:

(i) Annually increase the funding rate per unit of average daily attendance specified in subparagraph (B) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second principal apportionment average daily attendance for the current fiscal year excluding attendance in regional occupational centers/programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(ii) Annually increase the funding rate per unit of average daily attendance specified in subparagraph (B) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second principal apportionment average daily attendance for the current fiscal year in regional occupational centers/programs excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(D) The county superintendent of schools or county office of education shall utilize these incentive funds not only to meet the new beginning teacher annual minimum salary of thirty-four thousand dollars (\$34,000), but may also use the funds to generally enhance teachers' salaries in order to achieve the goals of retention of qualified, competent, and experienced teachers and the attainment of a reasonable salary commensurate with a teacher's experience, education, and responsibilities.

(2) Option Two: A county superintendent of schools or county office of education may submit a request to the Superintendent, on a form supplied by the Superintendent, for state funding computed as follows:

(A) Total the salaries of all certificated employees receiving increased salaries up to a maximum of thirty-four thousand dollars (\$34,000) per person pursuant to subdivision (b) for the 2000–01 fiscal year.

(B) Total all salaries, based on the salary schedule for the 2000–01 fiscal year before the increase made pursuant to subdivision (b), of all certificated employees receiving increased salaries pursuant to subdivision (b).

(C) Subtract the amount in subparagraph (B) from the amount in subparagraph (A).

(D) Multiply the amount in subparagraph (C) by the district's statutory benefit rates.

(E) For the 2000–01 fiscal year, a county superintendent of schools or county office of education that increases salaries pursuant to paragraph (2) of subdivision (b) and selects reimbursement Option Two shall receive the sum of subparagraphs (C) and (D).

(F) Divide the sum of the amounts received pursuant to subparagraphs (C) and (D) for the 2000–01 fiscal year by the county office of education average daily attendance for the second principal apportionment for the 2000–01 fiscal year, excluding attendance in adult education programs and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(G) For the 2001–02 fiscal year and each fiscal year thereafter, for each county office of education that increases its salaries pursuant to subdivision (a), the Superintendent shall add the sum of clauses (i) and (ii) to the county office of education revenue limit computed pursuant to Section 2550:

(i) Annually increase the funding rate per unit of average daily attendance calculated pursuant to subparagraph (F) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second principal apportionment average daily attendance for the current fiscal year excluding attendance in regional occupational centers/programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(ii) Annually increase the funding rate per unit of average daily attendance calculated pursuant to subparagraph (F) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second principal apportionment average daily attendance for the current fiscal year in regional occupational centers/programs excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(3) For purposes of the calculation required by clause (ii) of subparagraph (C) of paragraph (1) and clause (ii) of subparagraph (G) of paragraph (2), in the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years, a county office of education's second principal apportionment average daily attendance for the current fiscal year shall be the second principal apportionment average daily attendance for the 2007–08 fiscal year.

(d) State funds received pursuant to this section and not used pursuant to the conditions of this section shall be returned to the state.

(e) If the funds requested by the county superintendents of schools and the county offices of education for the 2000–01 fiscal year exceed the state appropriation for this section, the Superintendent shall reduce all requests by the application of a single, common percentage factor for apportionment purposes, so as not to exceed the amount appropriated for this purpose.

(f) A county office of education shall receive reimbursement pursuant to subdivision (c) only. However, this section does not prohibit a school district and its employees from negotiating salary schedules.

(g) The adjustments to county office of education revenue limits prescribed in subparagraph (C) of paragraph (1) of subdivision (c) and subparagraph (G) of paragraph (2) of subdivision (c) shall continue so long

as the increase in the salary schedule made pursuant to paragraph (2) of subdivision (b) or subdivision (i) is maintained.

(h) The Superintendent shall issue appropriate forms to county offices of education no later than September 1, 2000. County superintendents of schools or county offices of education shall notify the Superintendent no later than September 30, 2001, regarding which option they wish to exercise for the 2000–01 fiscal year. County superintendents of schools or county offices of education shall file their claim form for state funds with the Superintendent no later than September 30, 2001.

(i) Adjustments made to county office of education revenue limits pursuant to subparagraph (C) of paragraph (1) of subdivision (c) and subparagraph (G) of paragraph (2) of subdivision (c) shall not be considered part of the base revenue limit for the purpose of computing equalization adjustments or determining other wealth-related differences in school funding.

(j) Notwithstanding subdivision (c), a county office of education that already has as the annual minimum salary for beginning teachers who meet the criteria in subdivision (a) an amount equal to or greater than thirty-four thousand dollars (\$34,000) shall be eligible to receive reimbursement pursuant to Option One.

(k) This section shall become operative on July 1, 2010.

SEC. 9. Section 45023.4 of the Education Code is amended to read:

45023.4. (a) This section shall be known, and may be cited, as the Jack O’Connell Beginning-Teacher Salary Incentive Program. Commencing in the 1999–2000 fiscal year the governing board of a school district, the county superintendent of schools, or the county board of education may increase, for teachers who meet the requirements of this subdivision, the salary on its adopted certificated employee salary schedule as provided in subdivision (b). A school district that elects to meet the requirements of this section shall be eligible to receive the incentive amount provided by subdivision (c). For purposes of this section, a teacher for whom the governing board, county superintendent of schools, or county board of education may increase salaries shall meet all of the following criteria:

(1) Hold a valid California teaching credential, not including an emergency permit, intern permit, or waiver.

(2) Possess a baccalaureate or higher degree.

(3) Receive a salary paid from the general fund of the district or county office.

(b) The governing board, county superintendent of schools, or county board of education that elects to increase teachers’ salaries as authorized pursuant to subdivision (a) shall perform the following computations:

(1) The governing board, county superintendent of schools, or county board of education shall designate as the lowest salary on the salary schedule for a certificated employee meeting or exceeding the criteria in subdivision (a) an amount equal to a minimum annual salary of thirty-two thousand dollars (\$32,000). If this salary change results in costs to the school district or county office of education that are equal to or greater than the incentive

received pursuant to subdivision (c), the minimum salary shall be thirty-two thousand dollars (\$32,000). If this salary change results in costs to the school districts or county offices of education that are less than the incentive received, the remainder shall be used to increase the beginning salary by an amount above thirty-two thousand dollars (\$32,000) which fully applies the incentive received.

(2) The governing board, county superintendent of schools, or county board of education shall increase to the annual salary amount in paragraph (1) the salary of a certificated employee meeting the criteria in subdivision (a) whose salary on the salary schedule is less than the amount computed in paragraph (1) and, notwithstanding Section 45028, shall incorporate that increase into the salary schedule.

(3) The newly adopted salary schedule shall contain only one cell that meets the amount set forth in paragraph (1), which most often is the first-year step of a salary schedule column for certificated personnel who meet the criteria set forth in subdivision (a). All other salary schedule cells shall exceed the level set forth in paragraph (1) for personnel that meet the criteria in subdivision (a).

(c) In the 1999–2000 fiscal year, the Superintendent shall divide the amount appropriated for the purposes of this section by the 1998–99 second principal apportionment average daily attendance for all school districts and county offices of education in the state. Each school district and county office of education that certifies to the Superintendent that it is in full compliance with this section shall receive following that certification an amount equal to the results of the calculation multiplied by the participating school district's or county office's 1998–99 second principal apportionment average daily attendance.

(d) For the 2000–01 fiscal year and each fiscal year thereafter, for each school district that meets the requirements of subdivision (b), the Superintendent shall sum the results of paragraphs (1) and (2) and add that figure to the total school district revenue limit computed pursuant to Section 42238.

(1) Annually increase the statewide average funding rate per unit of average daily attendance calculated pursuant to subdivision (c) by the percentage increase computed pursuant to subdivision (b) of Section 42238.1 and multiply the resulting product by the school district's second period average daily attendance for the prior fiscal year excluding attendance in regional occupational centers and programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(2) Annually increase the statewide average funding rate per unit of average daily attendance calculated pursuant to subdivision (c) by the percentage increase computed pursuant to subdivision (b) of Section 42238.1 and multiply the resulting product by the school district's second period average daily attendance for the prior fiscal year in regional occupational centers and programs, excluding attendance in charter schools participating

in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(3) For purposes of the calculation required by paragraph (2), in the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years, the second period average daily attendance for the prior fiscal year shall be the second period average daily attendance for the 2007–08 fiscal year.

(e) For the 2000–01 fiscal year and each fiscal year thereafter, for each county office of education that meets the requirements of subdivision (b), the Superintendent shall add the sum of paragraphs (1) and (2) to the county office of education revenue limit computed pursuant to Section 2550.

(1) Annually increase the statewide average funding rate per unit of average daily attendance calculated pursuant to subdivision (c) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education’s second period average daily attendance for the prior fiscal year excluding attendance in regional occupational centers or programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(2) Annually increase the statewide average funding rate per unit of average daily attendance calculated pursuant to subdivision (c) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education’s second period average daily attendance for the prior fiscal year in regional occupational centers or programs excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(3) For purposes of the calculation required by paragraph (2), in the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years, the second period average daily attendance for the prior fiscal year shall be the second period average daily attendance for the 2007–08 fiscal year.

(f) The adjustment to the school district and county office of education revenue limit prescribed in subdivisions (d) and (e) shall continue so long as the increase in the salary schedule made pursuant to paragraph (2) of subdivision (b) is maintained.

(g) The adjustment made to school district or county office of education revenue limits pursuant to subdivisions (d) and (e) shall not be considered part of the base revenue limit for purposes of computing equalization adjustments or determining other differences in school funding that are based on the amount of funding received by a school district or county office of education.

(h) This section does not prohibit a school district and its employees from negotiating salary schedules.

(i) This section shall become inoperative on July 1, 2010, and, as of January 1, 2011, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2011, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 10. Section 45023.4 is added to the Education Code, to read:

45023.4. (a) This section shall be known, and may be cited, as the Jack O'Connell Beginning-Teacher Salary Incentive Program. Commencing in the 1999–2000 fiscal year the county superintendent of schools or the county board of education may increase, for teachers who meet the requirements of this subdivision, the salary on its adopted certificated employee salary schedule as provided in subdivision (b). For purposes of this section, a teacher for whom the county superintendent of schools or county board of education may increase salaries shall meet all of the following criteria:

(1) Hold a valid California teaching credential, not including an emergency permit, intern permit, or waiver.

(2) Possess a baccalaureate or higher degree.

(3) Receive a salary paid from the general fund of the district or county office.

(b) The county superintendent of schools or county board of education that elects to increase teachers' salaries as authorized pursuant to subdivision (a) shall perform the following computations:

(1) The county superintendent of schools or county board of education shall designate as the lowest salary on the salary schedule for a certificated employee meeting or exceeding the criteria in subdivision (a) an amount equal to a minimum annual salary of thirty-two thousand dollars (\$32,000). If this salary change results in costs to the county office of education that are equal to or greater than the incentive received pursuant to subdivision (c), the minimum salary shall be thirty-two thousand dollars (\$32,000). If this salary change results in costs to the county offices of education that are less than the incentive received, the remainder shall be used to increase the beginning salary by an amount above thirty-two thousand dollars (\$32,000) which fully applies the incentive received.

(2) The county superintendent of schools or county board of education shall increase to the annual salary amount in paragraph (1) the salary of a certificated employee meeting the criteria in subdivision (a) whose salary on the salary schedule is less than the amount computed in paragraph (1) and, notwithstanding Section 45028, shall incorporate that increase into the salary schedule.

(3) The newly adopted salary schedule shall contain only one cell that meets the amount set forth in paragraph (1), which most often is the first-year step of a salary schedule column for certificated personnel who meet the criteria set forth in subdivision (a). All other salary schedule cells shall exceed the level set forth in paragraph (1) for personnel that meet the criteria in subdivision (a).

(c) In the 1999–2000 fiscal year, the Superintendent shall divide the amount appropriated for the purposes of this section by the 1998–99 second principal apportionment average daily attendance for all county offices of education in the state. Each county office of education that certifies to the Superintendent that it is in full compliance with this section shall receive following that certification an amount equal to the results of the calculation

multiplied by the participating county office's 1998–99 second principal apportionment average daily attendance.

(d) For the 2000–01 fiscal year and each fiscal year thereafter, for each county office of education that meets the requirements of subdivision (b), the Superintendent shall add the sum of paragraphs (1) and (2) to the county office of education revenue limit computed pursuant to Section 2550.

(1) Annually increase the statewide average funding rate per unit of average daily attendance calculated pursuant to subdivision (c) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second period average daily attendance for the prior fiscal year excluding attendance in regional occupational centers or programs, adult education programs, and charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(2) Annually increase the statewide average funding rate per unit of average daily attendance calculated pursuant to subdivision (c) by the percentage increase identified pursuant to Section 2557 and multiply the resulting product by the county office of education's second period average daily attendance for the prior fiscal year in regional occupational centers or programs excluding attendance in charter schools participating in the charter school block grant pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of Division 4.

(3) For purposes of the calculation required by paragraph (2), in the 2008–09, 2009–10, 2010–11, 2011–12, and 2012–13 fiscal years, the second period average daily attendance for the prior fiscal year shall be the second period average daily attendance for the 2007–08 fiscal year.

(e) The adjustment to the county office of education revenue limit prescribed in subdivision (d) shall continue so long as the increase in the salary schedule made pursuant to paragraph (2) of subdivision (b) is maintained.

(f) The adjustment made to county office of education revenue limits pursuant to subdivision (d) shall not be considered part of the base revenue limit for purposes of computing equalization adjustments or determining other differences in school funding that are based on the amount of funding received by a school district or county office of education.

(g) This section shall become operative on July 1, 2010.